

IDX VS. VOW:

**CHANGE IS COMING TO
NEW YORK**



ON JUNE 20, 2014, a huge change came to the New York real estate market. The Real Estate Board of New York (REBNY) voted to implement Internet Data Exchange (IDX) as part of its listing service.

The implications of this change were felt almost immediately. Individual agents and companies could now include new search tools with thousands of NYC listings along with other options to offer a cutting-edge website experience to compete in a tough and volatile market. More than that, by adding IDX to their websites, real estate agents could meet market expectations by collecting, nurturing, and communicating with even more prospective buyers and sellers.



CONSUMER EXPECTATIONS

IN TODAY'S REAL ESTATE environment, consumers expect access to the information they want, when they want it. The internet is the land of instant gratification, and “speed bumps” between initial contact and the transaction can turn potential homebuyers away from your website.

The home buying process is a lengthy one, and consumers like to see what their options are before they ever start speaking to someone about home ownership. And if, in their search for information, they come across a website that locks information behind some kind of digital wall, they're going to keep looking. “Gated” online information on a Virtual Office Website (VOW) once appeared poised to become the standard in the real estate market, but as it became clear that it turns away consumers rather than engages them, real estate professionals began looking

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for more relevant solutions.

The internet has changed a lot, and because of those developments today's home search process looks something like this:

- 43% of home buyers check properties online before doing anything else
- 92% of buyers used the internet in some way during the buying process
- 50% of buyers use mobile websites or applications in their search

Can your website provide the kind of online experience home buyers expect?

THE EFFECT OF LARGE REAL ESTATE PORTAL SITES

AS REAL ESTATE PORTALS like Zillow and Trulia began to gain prominence, it became clear that consumers wanted immediate access to home listings. These sites did not require any registration to start browsing their listings, and offered a simple and intuitive interface with access to a large number of listings.

While this showed that consumers were looking for something else, there was still a hole that needed to be filled. These sites offered a simple way to view some listings, on a site that looked really good, but their data could be outdated since updates often lagged behind what is actually happening in fast-paced, hyperlo-

cal markets. This creates a big opportunity for smaller real estate companies to fill that need for specialized, local, and current information.

The Zillow and Trulia mergerⁱⁱ is likely to place even more pressure on smaller, local brokerages to step up their game or risk getting lost in the shuffle. On top of that, Zillow recently purchased StreetEasy to increase its offerings and began a “strategic partnership”ⁱⁱⁱ with Douglas Elliman Real Estate Company in New York and will now provide featured listing status for their listings.

While these developments may have caused some concern, it’s important to note that an exciting, possibly game-changing new opportunity is now occurring for agent and broker members of the Real Estate Board of New York (REBNY). That opportunity is IDX.



COMPARING IDX AND VOW

WHAT IS IDX?

IDX (Internet Data Exchange) enables real estate professionals to display the most recent and comprehensive property listing data from a Multiple Listing Service (MLS) on their own company or individual websites. The core idea is simple: I agree to share my listings, you agree to share your listings, and as a result, we both increase our marketing and lead capture abilities.

There are some rules that come with an IDX system which define how the listing data can be displayed, and each MLS System has variations on these rules. The REBNY Listing Service (RLS), for example, has a rules document governing display of data on agent and broker websites^{iv}. Generally, these are fairly straightforward and include everything from the information that cannot be displayed to the exact disclaimer that all listings should include.

HOW DOES IDX WORK?

The IDX data feed consists of property listing data that the MLS has made available to IDX vendors. These vendors typically download the most updated data several times a day and store it in a database, making it available for search and display on a real estate website.

Participation is voluntary, but by giving permission for other real estate companies to advertise your listings, you will often get much wider exposure and have the opportunity to provide more listings on your own website.

IDX allows agents and brokerages to request logins and registrations as they deem fit. You will have more control over what is best for the homebuyers in your local market (within the limits set by the MLS and the capabilities of the IDX provider's software), so you can give consumers exactly what they expect when they arrive on your site.

You can use IDX to allow users to search anonymously and quickly and save the registration request for a point in the process – a point in which you are more likely to capture leads that are ready to take the next step. Now that you've given these potential home buyers a way to engage with your website, they'll be more likely to continue to do so as you nurture these leads and continue to provide the information they want.

WHAT IS VOW?

A Virtual Office Website (VOW) is a concept that goes back to the late 1990s when a number of brokers began creating their own password-protected websites. They were, more or less, trying to recreate the traditional, brick-and-mortar experience on the internet.

It was a way to keep valuable home listings information gated away from casual visitors. They only wanted to share that kind of information if the home buyer gave some indication that, in the end, they intended to buy a home through that broker.

In these cases, users were able to view properties only after they registered as a customer of the broker and agreed to certain restrictions on the use of the data^v.

WHY VOW WAS USEFUL, AND WHY IDX IS SURPASSING IT

AT FIRST, VOWs seemed like an effective way to reach a large consumer base. It made almost all MLS listings, and all the information within those listings, available to display. So once a homebuyer registered, they'd have access to a lot of great content.

This kind of registration also implied that online brokers could easily collect more "leads" as people signed up just to browse through the availabilities in their area.

However, VOWs also came with a lot of rules that started to appear restrictive as the internet evolved, locking real estate agents



into an outmoded business model.

VOWs just couldn't keep up with the changes in most markets. It is too restrictive and does not address the way consumers search for information and engage with real estate agents. Requiring registration just to browse home listings is not as effective as it once was.

Brokers need to take advantage of new innovations and tools to remain competitive in such a volatile market.

CONCERNS ABOUT SWITCHING OVER

So, if VOW gives a real estate agent access to all the MLS information (with no option for brokerages to opt out) why make the switch to IDX? What does it offer that addresses the modern real estate market?

In New York, there are even more issues to consider. Currently, the "Big 3" real estate agencies aren't using IDX, which means there are potentially thousands of listings not included in the pool of listings. However, it is important to note that many other brokerages, large and small, are participating in IDX, and that thousands of NYC listings are currently in the REBNY IDX data feed.

And there is the lingering belief, held by some agents, that if their listings appear on other websites, they won't be able to compete or even keep up.

Some would note that because VOW requires consumers to submit information before they can see any listings, it is seemingly easier for agents and brokers to gather metrics on consumer behavior and lump even the most casual browsers in with the rest of their leads, creating an opportunity to follow up with them down the road^{vi}.

WHY SWITCH NOW?

That kind of tradeoff (personal information for the ability to view listings) simply isn't effective or necessary in the current market place.

Why?

Because no matter how much – or where – a potential homebuyer searches for listings, in the end, they will most likely turn to a broker for help through the buying process.

- In 2014, 88% of buyers purchased their home through a real estate agent or broker, up from 69% in 2001.^{vii}



It has become clear in recent years that just capturing an email before providing the listings does not ensure that the buyer will work with you. In fact, the more hurdles they have to cross just to see basic listings, the less likely they are to deal with you.

IDX removes those hurdles and can engage consumers from the moment they land on your website.

THE IDX DIFFERENCE

IDX GIVES AGENTS the ability to provide the immediate information that consumers expect while still remaining open to a variety of registration options at some point in the process (such as after viewing a certain number of listings or when they request more information on a specific home).

This is a critical balance that individual agents are best suited to determine in their own market. The goal of an effective real estate website is to provide a great user experience that keeps current clients engaged while simultaneously acquiring new leads. IDX makes it possible to test different options and decide exactly where you can capture real leads and begin working with people who have found their dream home on your site.





IDX is an engagement tool that gives your visitors a reason to stay on and engage with your site. It provides the information homebuyers expect to see at a glance or within a click or two of arriving on the site. This way, especially with well-designed IDX from a time-tested IDX vendor, even small real estate companies can create a user experience that rivals larger brokerages.

VOW, on the other hand, faces some definite challenges. Instead of giving consumers what they expect when they arrive on the site, it first demands that they register and provide some personal information. This can easily become a source of “friction” that stops users from engaging any further with the website or the agent.

THE BENEFITS OF IDX WEBSITES FOR CONSUMER AND REALTORS

In the end, the benefits of IDX are clear.

- IDX makes brokerages more competitive
 - Smaller brokerages can provide the same services as larger companies and real estate portals, but their local focus and knowledge make them a better resource when a consumer is ready to start the buying process
 - Brokerages can meet user expectations by providing

client-centered services and tools for viewing property listings

- Agents have the ability to provide rich, local content that is more relevant to the consumers' buying experience than a portal site
- IDX creates a better consumer experience by eliminating friction found in VOW
 - It eliminates the registration barrier and opens the website for deeper consumer engagement
- IDX, if provided by a vendor using responsive design, gives brokerages the opportunity to market their listings on tablets and smartphones, making it available to any device the consumer uses to access listings and content
- IDX creates more ways to build consumer engagement on the site through fresh, updated content
 - Visitors can customize and save searches
 - Brokers can send more relevant and regular communications based on that information
 - Consumers can sign up for alerts when new listings appear
 - Homebuyers can compare neighborhoods with unique data points

- IDX data feeds can help your website with organic search traffic

The large real estate portals simply don't have the local market expertise or market-specific content and data that is relevant to someone who wants to buy a home in a particular area. They have their place in today's real estate market, and it is possible to get leads from them that you can then incubate on your website through engaging listings-based communications.

In a nutshell, IDX enables the agent to showcase local market expertise while providing the property search features that consumers now expect.

WILL IDX TAKE OFF IN NEW YORK?

ON JUNE 20, 2014, REBNY voted^{viii} to implement IDX as part of its listing service, adding a range of new options for real estate professionals in New York. Now that IDX is available, what can we expect to see change?

BASED ON PREVIOUS EXAMPLES

As IDX launched in different regions, adoption rates showed rapid growth, with the number of members increasing extremely fast. Take a look at some of the numbers from this case study^{ix}.

- North Texas Real Estate Information Systems (NTREIS) (Dallas, TX)
 - In 6 months, the listings available reached 96% of total listings





- After one year, this number did not drop
- Houston Association of Realtors MLS (HARMLS)
 - Within the first year, Houston saw 100% listing availability

Based on past adoption rates and the excitement many brokers are expressing about this change, it is highly likely that momentum towards IDX – from brokerages and from consumers – will continue in New York.

THE SITUATION IN NEW YORK

It's important to note that a lot of industry leaders have already weighed in on the subject of IDX.

Barbara S. Fox, President of Fox Residential Group, said, “As a member of REBNY’S Residential Board of Directors, I’m so pleased that an IDX is now going to become a reality. This decision comes after years of working to find better, simpler, and more transparent ways for the consumer to access all listings in the city of New York.”^x

Frederick Warburg Peters, President of Warburg Realty added: “I am delighted to co-chair the Residential Board which has voted to initiate the institution of IDX into our community. This tech-

nology, widely used across the country, will simplify consumer searches by giving them a larger number of venues from which to search properties. And what eases the process for the consumer can only be good business for us.”^{xi}

In addition, in 2010, Peters had commented: “My opinion of the VOWs is they’re fine, but I think that they will ultimately be insignificant because I think the one thing we all know about the consumer from research that’s been done all over the country over a long period of time is that the consumer hates to leave a footprint. And so if the consumer has the opportunity to go on search sites, which they can do anonymously, or they have to sign on to a VOW with an entire page of personal information required, they’re going to choose the no-footprint site.”^{xiii}

And Diane M. Ramirez, CEO of Halstead Property, said, “I am excited by the decision to implement this important new tool that has the potential of transforming the consumer search experience for anyone buying, selling, or renting New York City real estate.”^{xiii}

The shift to IDX is coming.

Are you ready for it?



GETTING STARTED WITH IDX

IN NEW YORK, companies or individual agents that want to implement IDX must work with an IDX vendor that has an agreement with the RLS.^{xiv} Beyond those criteria, though, there are a number of features that you should look for when choosing a vendor.

- **LEAD CAPTURE TOOLS** – Make sure the system offers plenty of ways for site visitors to provide their contact information. It shouldn't get in the way of the search experience, but it should also be easy for them to use when they're ready.
- **SYSTEM COVERAGE** – You need to make sure the IDX vendor is contracted with the RLS. This is critical because it could cause delays in the setup process if they have not yet established vendor licensing.

- **COMPATIBILITY WITH THE CURRENT WEBSITE** – If you already have a website, you need to make sure that all the features will work well on the site without causing any problems.
- **LEAD NURTURING** – Once you've captured the leads, what do you do with them? Look for features that allow you to easily store and access leads, track and report search activity, and send notifications on new properties.
- **RESPONSIVE TO THE CONSUMER'S DEVICE TYPE** – More than half of online property searches take place on a mobile device. The IDX system needs to provide a responsive experience, whether the user is on a computer, phone, or tablet.
- **ATTRACTIVE, USER-FRIENDLY DESIGN** – Consumers will judge a website based strictly on its appearance. The IDX service needs to be clean and attractive so users will want to use its features.
- **EXPERIENCE** – Find out how long your vendor has been providing services. This is a good indicator on how they deal with changes in the industry.
- **REPUTATION** – Find out if there are any known services issues with the IDX vendor you are considering.



- **TECHNICAL SUPPORT** – Once everything is set up, you need to know that you won't be left to your own devices. Find out what methods of technical support they offer and how long it usually takes to get a response.
- **COMMITMENT TO ONGOING INNOVATION** – Some IDX providers may not update their products on a regular and consistent basis, which means they become increasingly stale and underpowered. Look for a provider that constantly updates its products and adds new features to become more powerful over time.
- **FEATURES FOR THE NEW YORK MARKET** – You need to be able to engage with the people who are looking for homes in the unique New York City market. Off-the-shelf IDX solutions for other parts of the US, based on a low-density suburban marketplace, might not adapt well for NYC consumers. Look for features like polygon saved search tools for you to map and display listings in custom local areas that you create, interactive map search for consumers to visually pinpoint neighborhoods to find properties, and neighborhood search options so consumers can easily find the right house in the right place, rather than get lost in search results for the whole city.

REAL LEADS AND REAL SUCCESS

When a more agile and relevant option becomes available in the industry, consumers are quick to make the change – and successful agents must do the same. Just consider the recent history of online listings, mobile search, and the rise of portals. After all, “because that’s how it’s always been done” is not a valid reason to stick with a program that no longer meets the current expectations.

Today’s consumers have high expectations when they visit a website, and with large web portals offering a flashy alternative, real estate professionals have had to find ways to be engaging. They have to offer a solution that highlights the best of what they can do to remain competitive.

IDX brings a lot of features that improve the user experience and help generate real leads.

IDX has arrived in New York, and it is changing the industry. It has created an amazing opportunity to create the kind of cutting-edge website with thousands of listings that will help you compete with the “big boys” and build a successful real estate company.

MAKING THE CHANGE

The New York real estate market is changing fast, and IDX gives

online buyers and sellers the search experience they’ve come to expect. **Discover your options** for a cutting-edge IDX website today at iHomeFinder.com.

- i. <http://www.realtor.org/reports/highlights-from-the-2014-profile-of-home-buyers-and-sellers>
- ii. <http://www.geekwire.com/2014/zillow-trulia-set-dec-18-special-shareholder-meeting-approve-mega-merger/>
- iii. <http://www.citronresearch.com/wp-content/uploads/2014/06/Zillow-June-27a-final.pdf>
- iv. http://www.rebny.com/content/dam/rebny/Documents/PDF/Resources/Forms/IDX/RLS_IDX_Policy.pdf
- v. <http://www.justice.gov/atr/cases/f211000/211009.htm> (section 25)
- vi. <http://therealdeal.com/blog/2014/06/20/rebny-to-integrate-idx-into-its-listing-service/>
- vii. <http://www.realtor.org/reports/highlights-from-the-2014-profile-of-home-buyers-and-sellers>
- viii. http://www.rebny.com/content/rebny/en/newsroom/press-releases/2014/idx_rls_vote.html
- ix. "IDX Implementation Case Studies," Center for REALTOR® Technology National Association of REALTORS®
- x. http://www.rebny.com/content/rebny/en/newsroom/press-releases/2014/idx_rls_vote.html
- xi. http://www.rebny.com/content/rebny/en/newsroom/press-releases/2014/idx_rls_vote.html
- xii. <http://therealdeal.com/blog/2010/03/10/the-real-deal-gets-the-dirt-on-elli-mans-new-1m-web-site/>
- xiii. http://www.rebny.com/content/rebny/en/newsroom/press-releases/2014/idx_rls_vote.html
- xiv. http://www.rebny.com/content/rebny/en/newsroom/press-releases/2014/RLS_Internet_Data_Exchange_IDX_Update.html